

DATE: February 22, 2011

TO: The Federal Reserve and representatives of the 112th Congress

FROM: Kristi Mukomela, President of Novation Credit Union

RE: Dodd-Frank Act (Act) and Durbin Amendment (Amendment)

On behalf of the board of directors, staff and nearly 12,000 members of Novation, the 3M employee-owned credit union, I am writing to express my concerns over the interchange provisions of the Dodd-Frank Act. I would encourage you to delay the final rule making and seriously consider a modification to the law itself. These provisions were enacted without proper debate or without a thorough understanding of the negative consequences the Act and Amendment will have on consumers and small financial institutions.

Unfortunately, in the effort to punish Wall Street and big banks it is going to be Main Street and small institutions that will suffer. The debit card changes being proposed, along with many other legislative restrictions that have been passed recently, are making it a real challenge to continue to offer low cost debit alternatives to consumers. Interchange fees are essential revenue in supporting a secure and efficient debit card program. The proposed caps do not even come close to covering the true costs and risks associated with offering a competitive debit program – a service that consumers demand. Granted, the Durbin Amendment has an exemption for institutions less than \$10 billion in assets, but in reality the dominance of big banks and big retailers in the marketplace will find ways to squeeze more from the small institutions. Community banks and credit unions provide a unique role in meeting the needs of millions of Americans and are a key force in consumer choice.

With all due respect, I urge you at a minimum to delay the final rules on the Durbin Amendment for at least one year. Use this time to hold debates with all parties involved and to gain a thorough understanding of the impacts this legislation is going to have on small financial institutions and ultimately to consumers. If the law and rules are left as they are proposed today, what began as consumer friendly legislation is going to cost consumers more money and limit their options for an efficient and safe payment system.

Thank you for taking the time to read my comments and for your consideration of the alternative I am proposing. Please contact me at kmukomela@novation.org or at 651.735.9930 if you have any questions.